

Letter of Comment No: 86 File Reference: 1100-LEU Date Received: 10/30/03

October 30, 2003

Mr. Robert Herz, Chairman Financial Accounting Standards Board 401 Merritt 7, PO Box 5116 Norwalk, CT 06856-5116

RE: FASB Statement No. 150

Via E-mail and FedEX

Dear Chairman Herz:

On behalf of West River Telecommunications Cooperative and its 15,000 members, I appreciate the opportunity to submit written comments on Statement of Financial Accounting Standards No. 150 (SFAS 150).

I wish to express my concern regarding the severe impact that I believe SFAS 150 will have upon West River Telecommunications Cooperative. I urge the Financial Accounting Standards Board to reconsider its decision to make SFAS 150 applicable to nonpublic entities.

In its present form, we understand that this statement may cause the retained earnings of cooperative entities to be reclassified from equity to a liability. The retained earnings or patronage capital of a cooperative is generally all of its equity. Reclassification of equity to a liability is certain to create financial hardship for effected cooperatives. Restructuring terms for current debt obligations will be costly and future financing will likely be less favorable.

We do not believe it was the intent of FASB to address cooperative organization equity through this pronouncement. We respectfully request that the extension date of SFAS 150 for nonpublic entities be made permanent or that cooperative patronage capital be excluded from the definition of a financial instrument for purposes of SFAS 150.

We understand the need for refinement of definitions for certain financial instruments held by public companies. However, strict interpretation of the standard will create business enterprises with no equity.

As we understand the statement, a closely held business enterprise that has an agreement with shareholders to purchase their stock upon death results in the related capital being reclassified as a liability. For years, West River Telecommunications Cooperative has had a practice of redeeming a member/owner interest in the cooperative when the member/owner dies. The cooperative itself represents the only source of assets available to enable departing member/owners to realize value for their interests. These interests, unlike the stock of public investor-owned firms, cannot simply be publicly sold.

If the Board does not act to exclude nonpublic companies like West River Telecommunications Cooperative from the scope of Statement No. 150, our cooperative will likely be forced to cease the practice of providing early redemptions to decedent estates. The required liability treatment would simply be too detrimental to our cooperative's financial position. This unfortunate change in cooperative policy would, of course, make the task of estate administrators and executors lengthier and more difficult.

While appreciating the benefit that Statement No. 150 can provide in the context of public entities, we reiterate that SFAS 150 will have unduly harsh and unwarranted consequences when applied to telephone cooperatives and their member/owners. West River Telecommunications Cooperative respectfully urges the Board to exclude nonpublic companies from the scope of Statement No. 150.

Thank you for your consideration, and for providing the opportunity to submit these comments.

Sincerely,

COO/Financial Manager

Bonnie Krause

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